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AVB

SERVICE DATE - FEBRUARY 5, 1997

## SURFACE TRANSPORTATION BOARD

### DECISION

#### SUB-ORDER NO. 823-T

#### ***The matter of prescribing depreciation rates for use in computing depreciation charges for railroads***

Issued to

**THE BURLINGTON NORTHERN RAILROAD COMPANY**

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Burlington Northern Railroad Company (BN) has submitted its annual calculation of depreciation rates for equipment and road property, including track. The revision of rates on an annual basis is due to BN's decision to use the Equal Life Group (ELG) and Unit of Production (UOP) depreciation models. These models produce depreciation rates which change annually; therefore, the prescribed rates are effective for one year.

The average lives and salvage ratios that were used to develop the depreciation rates for road property were approved in Sub-Order No. R-823-R. For equipment, the average lives and salvage ratios were approved in Sub-Order No. R-823-P. For track, the average lives and salvage ratios for ties and ballast were approved in Sub-Order No. R-823-L and the average lives and salvage ratios for rail were approved in Sub-Order No. R-823-N. BN used the ELG depreciation model for all accounts except mainline rail, for which the UOP model was used.

We have given appropriate consideration to the submission and supporting information.

#### **IT IS ORDERED:**

- (1) BN shall account for depreciation charges by applying to the ledger value of equipment and road property, including track, owned and used in its operations the annual percentage rates shown in Tables 1, 2, and 3.
- (2) The rates shall be effective from January 1, 1995, to December 31, 1995.

**TABLE 1. Depreciation Rates for BN Equipment**  
**Property**

<b>Acct.</b>		<b>Rate</b>
<b>No.</b>	<b>Name</b>	<b>(Percent)</b>
<b>52</b>	<b>Locomotives</b>	
.01	Diesel - Switch	2.55
.02	Diesel - Road (excl. DMA)	4.23
.12	Diesel - Multipurpose (DMA)	2.38
.05	Spare Parts	7.41
<b>53</b>	<b>Freight Cars</b>	
.01	Boxcar - Plain, 40'	2.14
.02	Boxcar - Plain, 50' and longer	3.19
.03	Boxcar - Equipped	3.18
.04	Gondola - Plain	2.96
.W5	Gondola - Equipped - Wood Chip	2.56
.05	Gondola - Equipped	3.46
.06	Covered Hopper	2.61
.07	Open-Top Hopper - General Service	2.66
.08	Open-Top Hopper - Special Service	2.73
.09	Refrigerator Cars - Mechanical	2.82
.10	Refrigerator Cars - Nonmechanical	2.89
.11	Flatcars - TOFC/COFC	2.58
.13	Flatcars - General Service	1.98
.14	Flatcars - Other	3.20
.15	All Other Cars (excl. cabooses)	2.35
.16	Cabooses	3.97
.17	Miscellaneous	6.50
<b>55</b>	<b>Highway Revenue Equipment</b>	8.27
<b>57</b>	<b>Work Equipment</b>	
.01	Excluding Boarding/Outfit Cars	3.45
.02	Boarding/Outfit Cars	6.58
<b>58</b>	<b>Miscellaneous Equipment</b>	
.01	Airplane	3.50
.02	Automobile	18.29
.03	Trucks	10.78
.04	Other	7.93
.05	Spare Parts	7.34

59	Computer Systems/Word Process. Equip.	19.07
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**TABLE 2. Depreciation Rates for BN Road****Property**

<b>Acct. No.</b>	<b>Name</b>	<b>Rate (Percent)</b>
03	Grading	1.27
04	Rights of Way	2.00
05	Tunnels and Subways	1.14
06	Bridges, Trestles & Culverts	1.76
13	Fences, Snowsheds & Signs	1.58
16	Station & Office Bldgs.	
.01	Buildings	4.12
.02	Computers & Related Equipment	9.67
.03	Furniture & Office Equipment	5.75
17	Roadway Buildings	
.01	Roadway Buildings	3.74
.02	Laurel Welding Plant	2.63
18	Water Stations	2.93
19	Fuel Stations	4.18
20	Shops & Enginehouses	2.45
23	Wharves & Docks	2.37
24	Coal & Ore Wharves	1.80
25	TOFC/COFC Terminals	4.47
26	Communications Systems	
.01	Pole Lines, Cable, etc.	3.47
.02	Radio & Electronic Switching	6.52
.03	Computers & Associated Equipment	5.63
.04	Microwave	3.72
27	Signals & Interlockers	
.01	Signals & Interlockers	2.67
.02	Computers, CTC Electronic Equipment	5.40
.03	Detection Equipment	4.16
29	Power Plants	3.72
31	Power Transmission Systems	2.67
35	Miscellaneous Structures	3.19
37	Roadway Machines	5.50
39	Public Improvements, Construction	1.93
44	Shop Machinery	3.88
45	Power Plant Machinery	2.96

**TABLE 3. Depreciation Rates for BN Track Property**

Acct. No.	Name	Rates (Percent) by Density Category			
		I	II	IV	V
08	Ties	4.41	4.20	3.14	3.14
09	Rail & OTM	3.84	2.31	3.22	2.97
11	Ballast	5.39	4.64	3.55	3.55

Decided January 28, 1997, by the Surface Transportation Board Accounting and Valuation Board Members Moss and Aguiar.

Vernon A. Williams  
Secretary